

Michigan Department of Treasury
496 (02/06)

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name LIMESTONE TOWNSHIP	County ALGER
Fiscal Year End 03/31/06	Opinion Date OCTOBER 12, 2006	Date Audit Report Submitted to State 5/08/08	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

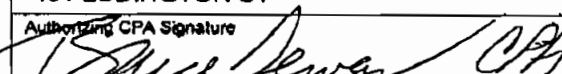
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES ☒ NO ☐ Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:		Enclosed	Not Required (enter a brief justification)	
Financial Statements		<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations		<input type="checkbox"/>		
Other (Describe)		<input type="checkbox"/>		
Certified Public Accountant (Firm Name) SCHNEIDER, LARCHÉ, HAAPALA & COMPANY, PLLC		Telephone Number 906-786-6151		
Street Address 401 LUDINGTON ST		City ESCANABA	State MI	Zip 49829
Authorizing CPA Signature 		Printed Name BRUCE DEWAR		License Number 1101011278

FINANCIAL STATEMENTS

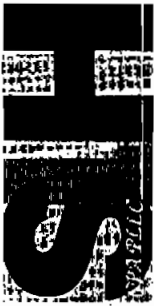
TOWNSHIP OF LIMESTONE
Alger County, Michigan

For the year ended March 31, 2006

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TOWNSHIP OF LIMESTONE

March 31, 2006

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*Schneider, Larche,
Haapala & Co., PLLC*

**CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS**

David P. Pachawar, C.P.A., P.C.

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Karen L. Melers, C.P.A., P.C.

October 12, 2006

Township Board
Township of Limestone
Alger County, Michigan

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Limestone, Michigan as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Limestone, Michigan as of March 31, 2006, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 20 through 21 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Township of Limestone
October 12, 2006
Page 2

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township's basic financial statements. The schedules listed as other supplemental information in the accompanying table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Schneider Larche Hagood & Company PLLC
Certified Public Accountants

**TOWNSHIP OF LIMESTONE
ALGER COUNTY, MICHIGAN**

**MANAGEMENTS DISCUSSION AND ANALYSIS
March 31, 2006**

This discussion and analysis of the Township's financial position and activities is presented as of and for the year ended March 31, 2006. The information presented should be read in conjunction with the Township's financial statements that follow.

The discussion and analysis is intended to assist the reader's understanding of the financial statements by highlighting summarized financial data, activities, trends and other related information.

ANNUAL REPORT

The Township annual report consists of three main financial information components as follows:

- Basic financial statements
- Required supplemental information
- Other supplemental information

Basic Financial Statements - The basic financial statements present government - wide financial statements that provide information about the Township's financial condition and activities as a whole. The government - wide financial statements provide data relating to the long-term nature of the Township's operations by reporting all Township assets and liabilities that will provide or require financial resources in the future and the Township's investment in property and equipment.

In addition, the basic financial statements present fund financial statements that provide information about the significant individual funds of the Township. The basic financial statements also include footnote disclosures necessary to provide additional information regarding the basic financial statements and other significant issues regarding the Township's financial position and activity.

Required Supplemental Information - Required supplemental information is not a part of the basic financial statements but is an important part of the annual report. The primary financial information contained herein is budgetary information of the Township's General Fund.

Other Supplemental Information - Other supplemental information provides additional financial information regarding budgetary information not included as required supplemental information.

**TOWNSHIP OF LIMESTONE
ALGER COUNTY, MICHIGAN**

**MANAGEMENTS DISCUSSION AND ANALYSIS (Continued)
March 31, 2006**

FINANCIAL HIGHLIGHTS

Financial highlights discussed below include the following items:

- Government-wide financial information
- Governmental funds financial information
- Other information

Government - wide Financial Information - The net assets of the Township as a whole for the year ended March 31, 2006 increased by \$2,688 to \$238,249. A comparison of net assets as of March 31, 2005 and 2006 are as follows:

	<u>2005</u>	<u>2006</u>
Cash	\$ 219,484	\$ 221,409
Receivables	<u>7,498</u>	<u>8,600</u>
Total noncapital assets	226,982	230,009
Capital assets, net	<u>8,579</u>	<u>8,240</u>
Total assets	<u>235,561</u>	<u>238,249</u>
Current liabilities	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>
Net assets	\$ <u>235,561</u>	\$ <u>238,249</u>
Net assets are classified as follows:		
Invested in capital assets	\$ 8,579	\$ 8,240
Unrestricted net assets	<u>226,982</u>	<u>230,009</u>
	\$ <u>235,561</u>	\$ <u>238,249</u>

**TOWNSHIP OF LIMESTONE
ALGER COUNTY, MICHIGAN**

**MANAGEMENTS DISCUSSION AND ANALYSIS (Continued)
March 31, 2006**

Government - wide Financial Information (Continued)

Significant revenues and expenditures on a government-wide basis are as follows for the years ending March 31, 2005 and 2006:

Revenues:	<u>2005</u>		<u>2006</u>	
Program:		<u>%</u>		<u>%</u>
Charges for services	750	1	2,998	5
Other	845	2	-	-
General:				
Taxes	8,326	16	8,413	15
State revenue	39,995	76	40,248	73
Other	<u>3,020</u>	<u>5</u>	<u>3,705</u>	<u>7</u>
	\$ <u>52,936</u>	<u>100%</u>	\$ <u>55,364</u>	<u>100%</u>
Expenditures:				
General operations	\$ 32,425	62	\$ 31,657	60
Public safety	5,500	11	7,875	15
Public works	2,911	6	4,650	9
Recreation	4,375	8	1,486	3
Other expenditures	<u>7,032</u>	<u>13</u>	<u>7,008</u>	<u>13</u>
	\$ <u>52,243</u>	<u>100%</u>	\$ <u>52,676</u>	<u>100%</u>
Change in Net Assets	\$ <u>693</u>		\$ <u>2,688</u>	

Revenues for the year ended March 31, 2007 are currently projected to approximate revenues recorded for the year ended March 31, 2006.

Expenditures for the year ended March 31, 2006 were comparable to the prior year. Expenditures for the year ended March 31, 2007 are expected to remain relatively constant with 2006.

**TOWNSHIP OF LIMESTONE
ALGER COUNTY, MICHIGAN**

**MANAGEMENTS DISCUSSION AND ANALYSIS (Continued)
March 31, 2006**

Governmental Funds Financial Information - As discussed in the basic financial statements, the basis of presentation and the basis of accounting used in preparing the government-wide and governmental funds financial statements are different. Accordingly, the governmental funds information presented below will differ from the government-wide information presented above.

The fund balances of the governmental funds of the Township increased by \$3,255 to \$227,037 from the March 31, 2005 to March 31, 2006. Cash balances of the governmental funds increased by \$1,925 to \$221,409 for the same period.

Revenues and expenditure comparisons with the prior year are as follows:

	<u>2005</u>	<u>2006</u>
Total Revenues		
General fund	\$ 53,304	\$ 55,592
Total Expenditures		
General fund	<u>57,072</u>	<u>52,337</u>
Change in fund balances	(\$ <u>3,768</u>)	\$ <u>3,255</u>

Other Information

Capital Outlay - The Township's total investment in property and equipment totaled \$43,833 as of March 31, 2006. No significant capital expenditures are projected for the next fiscal year.

TOWNSHIP OF LIMESTONE
STATEMENT OF NET ASSETS

March 31, 2006

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current Assets:	
Cash and certificates of deposit	\$ 221,409
Accounts receivable	1,000
Taxes receivable	897
Due from other governments	<u>6,703</u>
TOTAL CURRENT ASSETS	230,009
Noncurrent Assets:	
Capital assets, net of accumulated depreciation	<u>8,240</u>
TOTAL ASSETS	\$ <u>238,249</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts payable and accrued expenses	\$ <u>-</u>
TOTAL LIABILITIES	<u>-</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	8,240
Unrestricted	<u>230,009</u>
TOTAL NET ASSETS	<u>238,249</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>238,249</u>

See accompanying notes to financial statements.

TOWNSHIP OF LIMESTONE**STATEMENT OF ACTIVITIES**

For the year ended March 31, 2006

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenue Charges for Services and Other</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u> <u>Governmental Activities</u>
Governmental Activities:			
Legislative	\$ 6,220	\$ -	(\$ 6,220)
General government	25,437	-	(25,437)
Public safety	7,875	2,998	(4,877)
Public works	4,650	-	(4,650)
Recreation and culture	1,486	-	(1,486)
Other	<u>7,008</u>	<u>-</u>	(<u>7,008</u>)
TOTAL GOVERNMENTAL ACTIVITIES	\$ <u>52,676</u>	\$ <u>2,998</u>	(<u>49,678</u>)
General Revenues:			
Property taxes			8,413
State sources not restricted			40,248
Interest income			3,082
Other revenue			<u>623</u>
TOTAL GENERAL REVENUE			<u>52,366</u>
Change in net assets			2,688
Net assets, beginning of year			<u>235,561</u>
Net assets, end of year			\$ <u>238,249</u>

See accompanying notes to financial statements.

TOWNSHIP OF LIMESTONE
GOVERNMENTAL FUNDS BALANCE SHEET

March 31, 2006

	<u>General Fund</u>
<u>ASSETS</u>	
Cash and certificates of deposit	\$ 221,409
Accounts receivable	1,000
Taxes receivable	897
Due from other governments	<u>6,703</u>
TOTAL ASSETS	\$ <u>230,009</u>
<u>LIABILITIES</u>	
Deferred revenue	\$ <u>2,972</u>
TOTAL LIABILITIES	2,972
<u>FUND BALANCES</u>	
Unreserved	<u>227,037</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>230,009</u>

See accompanying notes to financial statements.

TOWNSHIP OF LIMESTONE**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS**

March 31, 2006

Total fund balances per governmental funds balance sheet \$ 227,037

Amounts reported for governmental activities
in the statement of net assets are different because:

Capital assets are not reported in the governmental funds
balance sheet because they are not current financial resources,
but they are reported in the statement of net assets. 8,240

Certain receivables are deferred in the governmental funds
balance sheet because they are not available to pay current period
expenditures, but they are not deferred in the statement of net assets. 2,972

TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 238,249

See accompanying notes to financial statements.

TOWNSHIP OF LIMESTONE**GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES**

For the year ended March 31, 2006

	<u>General Fund</u>
Revenues:	
Taxes	\$ 8,413
State sources	40,476
Charges for services	2,998
Interest and rentals	3,082
Other	<u>623</u>
TOTAL REVENUES	<u>55,592</u>
Expenditures:	
Legislative	6,220
General government	25,098
Public safety	7,875
Public works	4,650
Recreation and culture	1,486
Other	<u>7,008</u>
TOTAL EXPENDITURES	<u>52,337</u>
Change in Fund Balances	3,255
Fund Balances, beginning of year	<u>223,782</u>
Fund Balances, end of year	\$ <u>227,037</u>

See accompanying notes to financial statements.

TOWNSHIP OF LIMESTONE**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO
THE STATEMENT OF ACTIVITIES**

For the year ended March 31, 2006

Net change in total fund balances per governmental fund financial
statement of revenues, expenditures, and changes in fund balances \$ 3,255

Amounts reported for governmental activities in the statement
of activities is different because:

Capital outlays are reported as expenditures in the governmental
funds financial statement because they use current financial
resources, but they are presented as assets in the statement
of activities and depreciated over their estimated economic lives.
The amount of current year depreciation in excess of current
year capital outlays. (339)

Revenues that are not available to pay current obligations are
not reported in the governmental funds financial statement,
but they are presented in the statement of activities. (228)

Change in net assets of governmental activities \$ 2,688

See accompanying notes to financial statements.

TOWNSHIP OF LIMESTONE**NOTES TO FINANCIAL STATEMENTS**

March 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Limestone have been prepared in accordance with generally accepted accounting principles in the United States of America as applicable to governmental entities. A summary of the significant accounting policies followed in the preparation of the financial statements are presented below.

A) Reporting Entity - The Township of Limestone's financial statements present the Township as the primary government. The Township does not have any component units.

B) Basic Financial Statements - The Township's basic financial statements are comprised of the following four components:

- 1) Government-wide financial statements
 - 2) Governmental funds financial statements
 - 3) Fiduciary funds financial statements
 - 4) Notes to the financial statements
- 1) Government-wide financial statements report information on all of the nonfiduciary activities of the Township. The effect of interfund activity has generally been removed from these statements.

The Statement of Net Assets displays the assets, liabilities and net assets of the Township as a whole. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenue. Program revenues include user fees and grants and contributions restricted for specific operational or capital acquisition purposes. Taxes, unrestricted state grants and other revenues not properly reported as program revenues are reported as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWNSHIP OF LIMESTONE**NOTES TO FINANCIAL STATEMENTS**

March 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 2) Governmental funds financial statements report on the individual governmental funds of the Township. Major governmental funds are reported on separately and nonmajor funds are reported on as a group.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Significant revenue sources meeting the availability criteria include state shared revenues. Various receivables and grant reimbursements collected after the period of availability would be recorded as deferred revenues.

Expenditures generally are recorded when a liability is incurred. Expenditures not normally paid from currently available resources are recorded when payment is due. Examples of expenditures recorded when due would include debt service expenditures, expenditures relating to compensated absences, and claims and judgements.

The individual governmental funds are each considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The only Township governmental fund is the General Fund. It is the general operating fund of the Township and it is used to account for all financial resources and transactions not properly or legally accounted for in another of the Township's funds.

TOWNSHIP OF LIMESTONE**NOTES TO FINANCIAL STATEMENTS**

March 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 3) Fiduciary fund financial statements are used to report assets held in a trustee or agency capacity for others and are not available to support general Township programs. The fiduciary funds are excluded from the government-wide financial statements. Fiduciary funds use the accrual basis of accounting. The Township's only fiduciary fund is the Current Tax Collection Fund. The fund had no assets or liabilities as of March 31, 2006, and accordingly, the related Statement of Assets and Liabilities has been excluded from the current basic financial statements.
- 4) Notes to the financial statements provide information to the reader that is considered critical to the reader's understanding of the financial statements and the Township's financial position and activities. The disclosures provide information that generally cannot be determined by a reading of other sections of the financial statements.

C) Budgets - The Township prepares and adopts budgets on a cash basis. Unexpended appropriations lapse at the end of the fiscal year. The Township's General Fund expenditure budget is adopted at the activity level. The Township Supervisor is responsible for the preparation and monitoring of the budget. The Township Board is responsible for the approval of the original budget and any subsequent amendments.

D) Accounts Receivable - Property taxes and other accounts receivable are shown net of any allowance for amounts that the Township believes will be uncollectible. Amounts due from other governments represent accounts receivable from federal, state and local governments.

E) Capital Assets - Capital assets, which include land, buildings, and equipment, are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost, or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The Township has elected not to retroactively record the value of infrastructure assets.

Capital assets are depreciated using the straight-line method over the following useful lives:

- | | |
|-----------------------------|----------|
| • Buildings | 50 years |
| • Equipment and furnishings | 15 years |

TOWNSHIP OF LIMESTONE**NOTES TO FINANCIAL STATEMENTS**

March 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets are recorded as an asset and depreciated for the government-wide financial statements but are not recorded in the governmental fund financial statements. The acquisition of capital assets are reported as an expenditure in the governmental fund financial statements when acquired.

F) Deferred Revenues - Deferred revenues have met the asset recognition criteria but have not met the revenue recognition criteria. Deferred revenues include resources received but not yet earned and accounts receivable not received within the availability period of 60 days.

G) Property Taxes - The Township's annual property tax on real and personal property within the Township is levied on December 1, and is based on the taxable valuation of property as of the preceding December 31. In addition to collecting their own taxes, the Township also acts as collection agent for all over-lapping governments in the Township. The Township's portion of the tax is collected between December 1 and February 28. Delinquent real property taxes are subsequently turned over to the County which maintains a tax revolving fund which permits the County to pay the Township 100% of the delinquent real taxes within approximately two or three months after the delinquency date of February 28.

The Township generally recognizes property taxes as revenue in the year the taxes are levied. Property taxes not meeting the availability criteria are recorded as deferred revenue. For the current year, the Township levied .4801 mills for general operating purposes.

H) Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

TOWNSHIP OF LIMESTONE**NOTES TO FINANCIAL STATEMENTS**

March 31, 2006

NOTE 2 - DEPOSITS AND INVESTMENTS

Michigan compiled laws authorize and limit deposits and investments to federally insured financial institutions with offices in the State of Michigan, direct obligations of the United States, certain obligations of the State of Michigan or its' political subdivisions, specific investment grade short-term commercial paper, bankers acceptances of United States banks and mutual funds investing in authorized investment types.

The Township's investment policy is in compliance with statutory requirements established by the State.

Cash deposits are recorded at cost. During the past year, cash balances deposited have exceeded the maximum federally insured deposit levels. Cash balances as of March 31, 2006 consisted of the following:

Noninterest bearing checking accounts	\$ 9,438
Interest bearing accounts	104,529
Interest bearing short-term deposits	<u>107,442</u>
	\$ <u>221,409</u>

Actual bank balances as of March 31, 2006 were \$221,245 and were fully insured.

TOWNSHIP OF LIMESTONE**NOTES TO FINANCIAL STATEMENTS**

March 31, 2006

NOTE 3 - CAPITAL ASSETS

The following summarizes capital asset activity for the year ended March 31, 2006:

	Balance April 1, 2005	Additions	Disposals and Adjustments	Balance March 31, 2006
Nondepreciated Capital Assets:				
Land	\$ 3,750	\$ -	\$ -	\$ 3,750
Depreciated Capital Assets:				
General government:				
Buildings and improvements	35,000	-	-	35,000
Equipment and furnishings	<u>5,083</u>	<u>-</u>	<u>-</u>	<u>5,083</u>
Total Cost	43,833	-	-	43,833
Accumulated Depreciation	(<u>35,254</u>)	(<u>339</u>)	-	(<u>35,593</u>)
Net Capital Assets	\$ <u>8,579</u>	(\$ <u>339</u>)	\$ <u>-</u>	\$ <u>8,240</u>

Depreciation expense was charged to the following functions in the Township's Statement of Activities in the government-wide financial statements:

General government	\$ <u>339</u>
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NOTE 4 - DEFERRED REVENUES

As of March 31, 2006, the Township's deferred revenues for the governmental funds financial statements consisted of the following:

Taxes receivable	\$ 897
State revenue sharing receivable	<u>2,075</u>
	\$ <u>2,972</u>

NOTE 5 - NONCURRENT LIABILITIES

The Township has no noncurrent liabilities.

TOWNSHIP OF LIMESTONE**NOTES TO FINANCIAL STATEMENTS**

March 31, 2006

NOTE 6 - PENSION PLAN

The Township maintains a multi-employer money purchase pension plan which covers substantially all Township employees and requires annual contributions based on 12% of participants wages. Total contributions to the plan, including administrative fees of \$180, were \$2,117 for the year ended March 31, 2006.

NOTE 7 - RELATED PARTY TRANSACTIONS

The Township maintains cash deposits at a local credit union that is managed by the Township's Treasurer. Total deposits of the Township in the credit union as of March 31, 2006 were \$91,504, and were fully insured.

NOTE 8 - RISK MANAGEMENT

The Township is exposed to various risk of loss related to torts, theft, accident, errors, omissions, injury and disaster. The Township's principal resource used to manage these risks is through the purchase of commercial property and liability insurance policies.

REQUIRED SUPPLEMENTAL INFORMATION

TOWNSHIP OF LIMESTONE**GENERAL FUND BUDGETARY COMPARISON SCHEDULE - CASH BASIS**

For the year ended March 31, 2006

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Cash Basis Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 7,000	\$ 7,000	\$ 8,413	\$ 1,413
State sources	36,157	36,157	40,146	3,989
Charges for services	5,800	5,800	1,998	(3,802)
Interest and rentals	1,500	1,500	3,082	1,582
Other	<u>200</u>	<u>200</u>	<u>623</u>	<u>423</u>
TOTAL REVENUES	<u>50,657</u>	<u>50,657</u>	<u>54,262</u>	<u>3,605</u>
Expenditures:				
Legislative	9,825	10,670	6,220	4,450
General government	36,225	36,350	25,098	11,252
Public safety	7,500	8,000	7,875	125
Public works	17,700	17,700	4,650	13,050
Recreation and culture	17,500	17,500	1,486	16,014
Other	<u>14,500</u>	<u>15,385</u>	<u>7,008</u>	<u>8,377</u>
TOTAL EXPENDITURES	<u>103,250</u>	<u>105,605</u>	<u>52,337</u>	<u>53,268</u>
Change in Fund Balance	(52,593)	(54,948)	1,925	56,873
Fund Balance, beginning of year	<u>219,484</u>	<u>219,484</u>	<u>219,484</u>	<u>-</u>
Fund Balance, end of year	\$ <u>166,891</u>	\$ <u>164,536</u>	\$ <u>221,409</u>	\$ <u>56,873</u>

TOWNSHIP OF LIMESTONE**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**

For the year ended March 31, 2006

BUDGETARY INFORMATION

The Township prepares annual budgets on a cash basis. A reconciliation of revenues and expenditures between the modified accrual basis of accounting used in the preparation of the governmental funds financial statements and the cash basis of accounting used for budgetary reporting is as follows:

	<u>General Fund</u>	
	<u>Revenues</u>	<u>Expenditures</u>
Amounts reported on modified accrual basis	\$ 55,592	\$ 52,337
Cash basis adjustments:		
Increase in accounts receivable	(1,000)	-
Decrease in taxes receivable	237	-
Increase in due from other governments	(339)	-
Decrease in deferred revenues	(228)	-
Cash basis amounts	\$ <u>54,262</u>	\$ <u>52,337</u>

OTHER SUPPLEMENTAL INFORMATION

TOWNSHIP OF LIMESTONE**GENERAL FUND REVENUE BUDGETARY COMPARISON**
SCHEDULE - CASH BASIS

For the year ended March 31, 2006

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Taxes:				
Current property taxes	\$ 4,000	\$ 4,000	\$ 4,757	\$ 757
Delinquent taxes, penalties and interest	1,000	1,000	1,132	132
Property tax administrative fees	2,000	2,000	2,524	524
State Sources:				
Revenue sharing	25,000	25,000	27,488	2,488
Other state revenues	11,157	11,157	12,658	1,501
Charges for Services:				
Cemetery lots	-	-	600	600
Fire fees	500	500	1,011	511
Election refund	300	300	387	87
Pension fund	5,000	5,000	-	(5,000)
Interest and Rentals:				
Interest income	1,500	1,500	3,082	1,582
Other:				
Miscellaneous	<u>200</u>	<u>200</u>	<u>623</u>	<u>423</u>
	\$ <u>50,657</u>	\$ <u>50,657</u>	\$ <u>54,262</u>	\$ <u>3,605</u>

TOWNSHIP OF LIMESTONE

GENERAL FUND EXPENDITURE BUDGETARY COMPARISON
SCHEDULE - CASH BASIS

For the year ended March 31, 2006

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Legislative:				
Township Board	\$ 9,825	\$ 10,670	\$ 6,220	\$ 4,450
General Government:				
Township Supervisor	5,000	5,000	4,548	452
Township Clerk	4,500	4,500	4,500	-
Township Treasurer	7,000	7,000	6,218	782
Township Assessor	3,600	3,600	3,600	-
Township hall	5,750	5,750	2,953	2,797
Auditing and accounting	1,175	1,300	1,700	(400)
Board of review	1,200	1,200	405	795
Cemetery	1,500	1,500	832	668
Planning and zoning	5,000	5,000	-	5,000
Elections	1,500	1,500	342	1,158
Public Safety:				
Fire protection	7,500	8,000	7,875	125
Public Works:				
Street lighting	1,500	1,500	1,213	287
Roads	15,200	15,200	2,880	12,320
Trash collection	1,000	1,000	557	443
Recreation and Culture:				
Recreation	17,500	17,500	1,486	16,014
Other:				
Insurance	5,500	5,500	4,105	1,395
Social security	1,000	1,885	786	1,099
Retirement plan	<u>8,000</u>	<u>8,000</u>	<u>2,117</u>	<u>5,883</u>
	\$ <u>103,250</u>	\$ <u>105,605</u>	\$ <u>52,337</u>	\$ <u>53,268</u>